



Case Study: Business Process Reengineering (BPR) and Performance Measurement Methodologies

Speakers:

Peyman Zand, Deputy Director of e-Michigan

Dan Gustafson, Liquor Control Commission

Phyllis Mellon, Department of State

Dave Borzenski, Department of Treasury

Bill Thomas, Deloitte Consulting

Agenda

- ✚ Peyman Zand, e-Michigan's Approach to e-Government BPR
- ✚ Bill Thomas, Deloitte Consulting Approach to e-Government BPR Best Practices
- ✚ Dan Gustafson, Liquor Control Commission's Approach to e-Government BPR
- ✚ Phyllis Mellon, MDOS Approach to e-Government BPR
- ✚ David J. Borzenski, Treasury Approach to e-Government BPR
- ✚ Q & A



e-Michigan's Approach to BPR Impact Analysis and e-Government Business Case Development

Peyman Zand, e-Michigan

Focus and Prioritizing Strategy

Focus of e-Michigan BPR work

- ❑ Assess the impact of existing e-government services (including those in development).
- ❑ Identify opportunities for realizing additional benefits.
- ❑ Develop business cases for investing in future e-government opportunities.

Prioritizing Strategy for BPR

Identify key benefits of e-Government for citizen customers include:

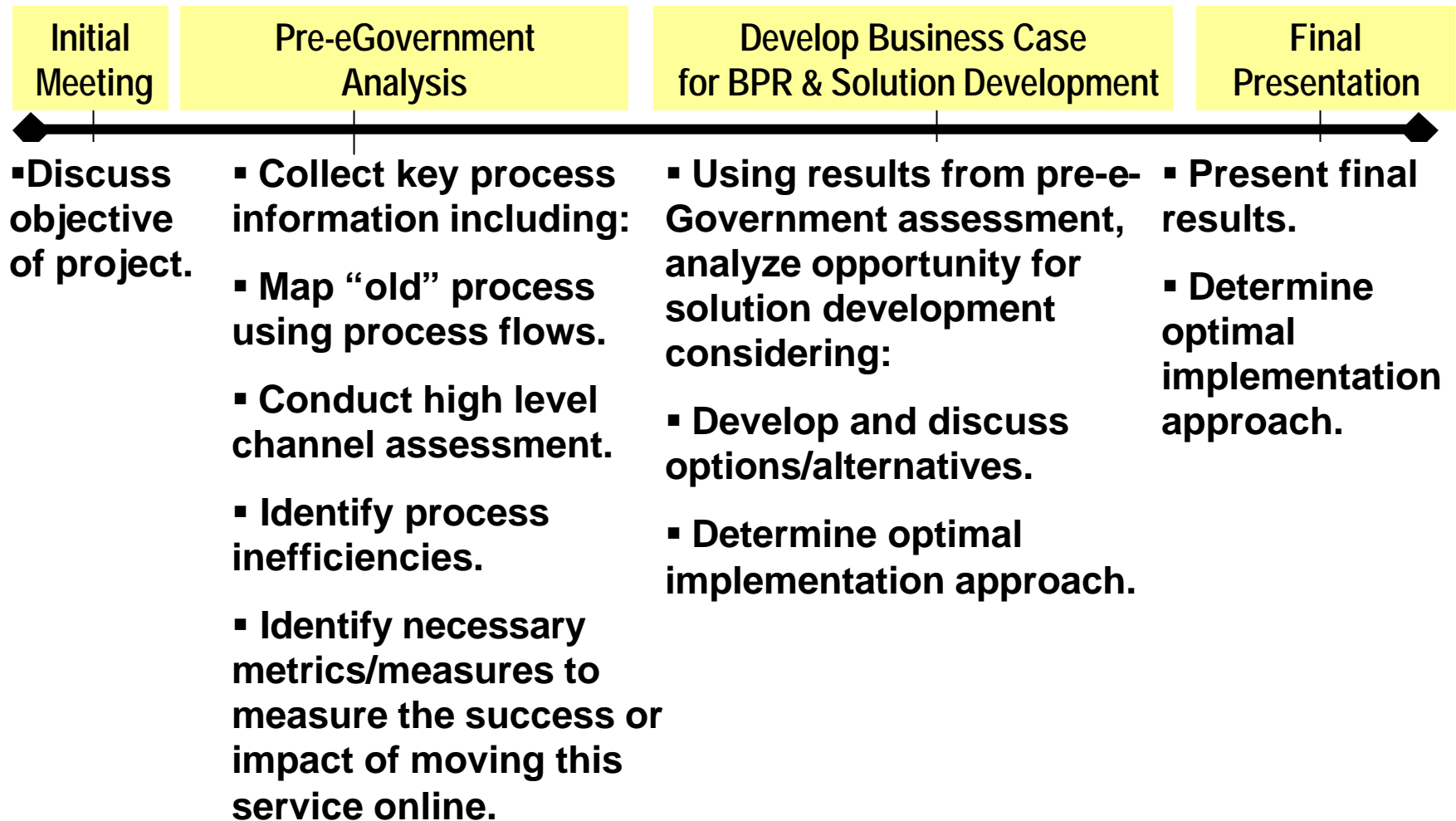
- **Convenience**
- **Improved Customer Service**
- **Increased access to improved information**

Identify key benefits of e-Government for Agency and the State include:

- **Operational Efficiency**
- **Cost Avoidance**
- **New Revenue Sources**

Primary focus is on services that are customer facing, ready for change (i.e. have support from leadership, funding priority, etc.).

Business Case Development





e-Government Related BPR Best Practices

Bill Thomas, Deloitte Consulting

The need to justify investment in technical solutions is imperative for future funding. Additionally e-government can highlight process inefficiencies.

The business case:

- ✚ Provides the business and financial justification for potential e-government solutions.
- ✚ Identifies benefits and costs associated with key process and technology changes.
- ✚ Describes the key areas that will drive the creation of value as a result of e-government solution implementation.
- ✚ Establishes baseline to monitor and track costs versus benefit of IT and process initiatives.
- ✚ Can be used as to identify performance metrics for e-Government initiatives.
- ✚ Becomes a communication tool for gaining stakeholder support.

Multiple Areas of Benefits from e-Government

Presentation

Convenience

Enhanced Customer Service

Personalization



Customer Interaction

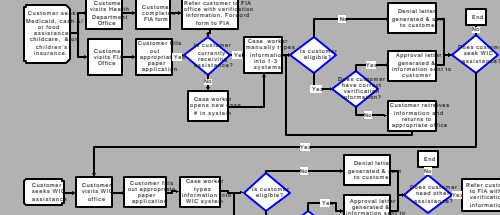
Increased Access to Accurate Information

Multi-Channel Service Delivery

Process

Increased Revenue Source

Cost Avoidance/Reduction



Business Process

Operational Efficiency

Reduced Cycle Time

Refined Business Processes

IT Infrastructure

Data Integration

Scalability

Software Licensing

Standardization

Security

Common Platform



Technical Infrastructure

Service Enhancement as Justification

- ✚ **In the private sector, expanding business to the Internet to improve customer service usually results in increased revenue after costs are covered.**
- ✚ **In the public sector, the benefits of service enhancement are often less tangible. However, capturing customer benefits can be a powerful tool for legislators and leadership.**

Examples of Service Enhancement Benefits:

- **Reducing customer time spent interacting with government**
- **Providing a “one customer” view of government**
- **Providing instantaneous access to documents for customers**
- **Providing easily navigated, up-to-date public information to customers over the Internet**
- **Expanding reach of government information and services by providing information to the general public online**
- **Measuring Internet usage to enable government to better understand customers and tailor information to specific customer groups**

e-Michigan has adopted the Deloitte Consulting Enterprise Transformation approach to Reengineering

- + Is not a cookbook solution
- + Places minimal focus on the "As-Is"
- + Integrates people and process implications with relevant technologies
- + Anticipates significant involvement from Agency staff and leadership



Liquor Control Commission's Approach to e-Government BPR

Dan Gustafson, LCC

Liquor Control Commission Core Processes

e-Michigan is currently assisting the LCC with assessing the business case for e-government. Focus is on processes that transcend each function of the organization. The approach is:

- ✚ To understand how these processes currently work;
- ✚ To analyze and challenge the reasoning behind the current operation;
- ✚ To identify innovative e-government opportunities for improvement; and
- ✚ To assist the LCC in realizing these opportunities.



By taking an enterprise wide look at LCC business processes we are able to build a common foundation and identify technology and process solutions that permeate the organization.

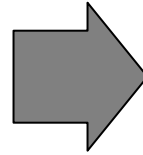
Focus of Effort at the Liquor Control Commission

e-Michigan has focused its effort on the following three processes, identified by LCC as potential opportunities for process improvement and e-government solution development:

- ❑ **Liquor License Renewal Process:** The process for renewing licenses held by business establishments that currently have an existing liquor license.
- ❑ **Beer, Wine, and Mixed Spirits Registration Process:** To comply with State law, all beer, wine, and mixed spirit products must be registered with the LCC prior to their sale in Michigan.
- ❑ **Liquor Quote Process:** Each liquor supplier to the State of Michigan must obtain approval for new products by filling out a Liquor Quotation Form and submitting it to the Liquor Control Commission (LCC).

e-Government Vision - Liquor Quote Process

**Current Environment –
Paper-Based**



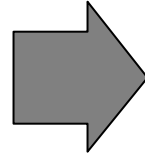
**Vision- Electronic Quote
Submission**

Key Benefits:

- Elimination of paper from process.
- Reduced number of incorrect forms submitted.
- Reduced staff time focused on manual tasks.
- Reduced costs associated with paper production and distribution.

e-Government Vision-Beer and Wine Registration Process

**Current Environment –
Paper Based**

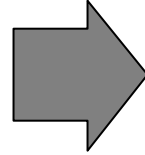


**Vision- Electronic Quote
Submission**

Key Benefits:

- Reduced number of incorrect or duplicate forms submitted.
- Searchable product information provided on-line will reduce calls to staff for routine information look-up.
- Improved file management and maintenance will enable Section to better understand business and interact with customers at all levels.
- Reduced costs associated with paper file management and file maintenance.

**Current Environment –
Paper Based**



**Vision- Electronic Quote
Submission**

Key Benefits:

- Reduced number of incorrect or duplicate forms submitted (Reduced costs associated with error correction, reconciliation).
- Improved payment receiving process.
- Reduced staff time focused on manual tasks. Increased ability for staff to focus on complex renewal issues.
- Streamlined business processes for receiving paper forms.








e-Government BPR at the Michigan Department of State

Phyllis Mellon, MDOS

Goal: Transform MDOS business and service alternatives to a fully integrated, multi-channel customer service delivery system that optimizes information technology.

***“The only process that matters is the process
by which you manage change.”***

Strategic Drivers of Change

-  Customer expectations: Greater convenience and more choices
-  Reduced costs of delivery and increased quality
-  Shift from a transaction view to a customer view
-  Technology modernization
-  e-Michigan



Internal “Back Office” Business Process Reengineering

- Inventory
- Document Management
- CRM



Business Services

- Uniform Commercial Code
- Auto Dealer Sales



Customer Services

- Registration renewals
- Voter Information System
- Personalized and Specialty Plates



Information Technology Modernization









- IT Strategic Plan
- Formalization of Architecture and Standards
- Funding Strategy



Development of the Driving in Michigan Theme

- Short-term and Long-term Initiatives

Critical Success Factors

-  Culture of Change
-  Leadership and Partnerships
-  Resources
-  Project Management Framework
-  Communication Plan
-  Technology Enablers
-  Alternative Funding Strategies
-  “Change” as a Constant



Department of Treasury's Approach to e-Government BPR

David Borzenski, CIO, Treasury





Treasury and e-Government: Strategic Drivers of Change

- ✚ Customer Expectations: Provide private-sector experiences, “my way, my time”
 - Customer service: provide acknowledgement of submission, self-service, security
- ✚ External Business Partners
 - B2B
 - Non-competitive methodology
- ✚ Internal Business Partners
 - Business Services theme
 - Licensing and Registration theme/ Forms deployment (JetForms)
 - Education theme
 - Common Payment Methods




Treasury and e-Government: Strategic Drivers of Change

Leverage Legacy Applications/Data Stores

Processes:

-  Data: items, accuracy, entry resources
-  Submission error rates
-  Process duration
-  Payment postings

Collaterals

-  Customer Trust
-  Taxpayer Equity
-  Increase Revenue/Reduce Tax Gap

Treasury and e-Government: Initiatives

Toward Our External Customers

- Taxpayers: Motor Fuel Statutory Refunds, *Single Business Tax Filing Portal*, *Customer Problem Tickets (Siebel)*, *"Where's My Refund," Business Tax Registration, Account Tracking (Siebel)*, *Individual Income Tax Filing Portal*
- Students - MET contracts application, MERIT eligibility certification, *case/account self-service, case tracking*

Toward Our External Business Partners

- Colleges & Universities: Scholarships & Grants, *MERIT Award*
- Local Units of Government: Tax Delinquent Land Sale, *Bonding qualification*
- Banks: *Common payment portal*
- Third Parties: Tax preparers and preparation software developers, land title checks

Toward Our Internal Business Partners

-  e-Michigan
-  Secretary of State
-  DNR
-  Unemployment Agency
-  Consumer Industry Services
-  MI Economic Development Corporation
-  Others in the near future

Partnerships

- Internal business partners
- External business partners
- Technology providers

Standardization

Performance Measures

- Infrastructure
- Base lines
- Tools

Consumer Off The Shelf Software (COTS)

- Business Process vs. Technology